**Increasing incidents of Bank Frauds**

923. SHRI RAJNI RANJAN SAHU: Will the Minister of FINANCE be pleased to state :

(a) whether Government have asked the Central Bureau of Investigation and the RBI to step up meaures to check the increasing incidence of bank frauds;

(b) If so, in what precise context and circumstances, indicating the number and nature of bank frauds during the past two years that from the basis of these directions ; and

(c) the steps taken in this regard and with what results so far?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) to (c) The public sector banks at the instance of Government and Reserve Bank of India (RBI) have taken serveral steps from time to time for prevention of frauds. These steps include issuing of comprehensive guidelines by RBI for strengthening the control mechanism in banks, review of fraud cases on a continual basis by RBI, setting up a Special Investigation Cell in RBI proper training of operational personnel etc. The banks have also been impressed upon to clear the arrears in balancing of books and reconciliation of inter-branch and other accounts on a continuous basis so as to prevent frauds in these areas. RBI also monitors the progress made by the banks in implementation of various accepted recommendations of the Ghosh Committee The information readily available relating to the number of frauds reported by public sector banks (including frauds in overseas branches) to RBI and the amount involved for the years 1992 and 1993 is given below:—

| | 1992 | 1993 |
|---|---|---|
| Number of frauds | 1717 | 2213 |
| Amount involved (Rs. in lakhs) | 14449.10 +Fijian Dollars 1500 | 32032.43 |

Note: Data Provisional

According to RBI , most of the frauds have taken place in the areas of bill portfolio, fraudulent alteration in instruments, removal of stocks charged to the bank, fraudulent withdrawals in deposit accounts, bills returned unpaid, fraudulent money transfers and encashment of demand drafts etc.

CBI have reported that orders have been issued to sanction 353 additional posts of various ranks to CBI to strengthen Anti-Corruption Division and to set up a new Economic Crimes Division to deal with investigation of economic offences exclusively. Bank securities and Fraud Cell in each Zone of the new Economic Crimes Division of CBI will be dealing with cases of serious Bank Frauds all over the country.

**World Bank Loans to India**

924. SHRI RAJNI RANJAN SAHU:Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news item published in "The Pioneer" of October 10,1994 to the effect that India lost over $ 700 million in World Bank loans over the last fiscal year due to non-performance, since India failed to pass legislation to improve approvals for contracts and other procurement and procedural measures of exceutions as required by the Bank; and

(b) if so, what were the precise requirement of the World Bank the reasons for failure to comply and the schemes and projects effected on this account?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) and (b) No World Bank loans were lost due to non-performance since India failed to pass legislation to improve approvals for contracts and other procurement and procedural measures required by